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Director

County of Los Angeles INTERNAL SERVICES DEPARTMENT

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"To enrich lives through effective and caring service"

April 28, 2016

TO: Supervisor Hilda Solis, Chair
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Dave Chittenden
Chief Deputy Director

A handwritten signature in black ink, appearing to read "D. Chittenden", is written over a light blue rectangular background.

NOTIFICATION OF INTENT TO ENTER INTO A SOLE SOURCE CONTRACT NEGOTIATION WITH CLEAN ENERGY

This memo is to comply with Board Policy 5.100, Sole Source Contracts regarding contracting policy requirements for sole source contracts. It is the Internal Services Department (ISD) intent to enter into negotiations for a new sole source contract with Clean Energy for a period of five years for the continued maintenance and operation services of the compressed natural gas (CNG) motor fuel vehicle station located at 1055 North Alameda, Los Angeles, CA 90012.

On July 26, 2007, your Board approved a contract with Clean Energy to provide operation and maintenance services of a CNG motor fuel vehicle station accessible to the 40 County vehicles operated by ISD, Public Works, Sheriff and Fire, and also to the general public. This contract was competitively bid and Clean Energy was the sole proposer. The contract is set to expire on January 31, 2017. Under the terms of the contract, Clean Energy owns the station equipment and the County owns the land on which the station operates. The contract grants a license to Clean Energy to operate and maintain the CNG station at no cost to the County. In exchange, the County receives revenue payments per fuel gasoline-equivalent gallon (GEG) gallon equivalent sold with a minimum monthly guarantee of \$1,000. In addition, the County receives a reduced rate of \$1.99 or retail price, whichever is lower, per gasoline-equivalent gallon (GEG) of fuel for County vehicles. Retail pricing currently ranges from \$2.10 to \$2.79 per GEG.

In December 2014, ISD engaged a consultant to explore and report on the options for a solicitation and successor contract. The consultant reported that the station infrastructure and equipment had reached end of life and would need to be replaced or upgraded as part of any new contract, and provided an estimated replacement cost of \$1,437,100.

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Since Clean Energy owns, operates and maintains the existing CNG station infrastructure and equipment, ISD believes that it is more economically prudent to negotiate an upgrade of the existing infrastructure and equipment rather than to solicit for a new contract.

Clean Energy has indicated that they would be willing to entertain an upgrade to the current equipment, as well as maintain and operate the CNG station at no additional cost to the County. In addition, the County would continue to receive revenue payments with a minimum monthly guarantee and benefit from a lower price for fueling the County's CNG vehicles.

This CNG station services the civic center and downtown Los Angeles area. The next closest public CNG sites are in Glendale, Burbank and Commerce.

Unless otherwise instructed by your Board, ISD will proceed into entering into contract negotiations with Clean Energy, effective May 26, 2016. ISD will work closely with both County Counsel and the Chief Executive Office during the contracting process.

If you have any questions or require additional information please contact me at (323) 267-2103, or your staff may contact Marie Nunez, Division Manager of Purchasing and Contract Services, at (323) 267-2492.

DC:JS:MN:
YY:as

c: ISD Board Deputies
Chief Executive Officer
Chief Operating Officer
Executive Office, Board of Supervisors